

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities Aviation Results Delivery Unit Budget Summary

Aviation Results Delivery Unit

Contribution to Department's Mission

Provide airport system vision, planning, and infrastructure for the safe movement of people and goods; and provide relevant and reliable financial information to the international airport system.

Core Services

- Airport Improvement Program (AIP) Five-Year Funding Plan development and coordination.
- Airport planning, design, construction, and operation coordination, as well as technical assistance.
- Conduct Federal Aviation Administration (FAA) Airport Inspections (5010 database maintenance).
- Ensure appropriate accounting and financial policies and procedures at the international airports.
- Provide uniform fee structures for use of the airport facilities and services as required under federal grant assurances.
- Provide property management services allowing for the use of lands, facilities, and buildings at state rural airports.
- Development and management of the State Aviation System Plan and related continuous planning processes.
- Promote, facilitate and implement aviation safety improvements through the adoption of technology and the development of datasets for aviation simulators, in coordination with the Medallion Foundation, FAA and the National Aeronautics and Space Administration (NASA).

End Result	Strategies to Achieve End Result
A: Increase revenue generation at statewide rural airports. Target #1: Increase revenue collected at rural airports by 5% over prior year. Status #1: The rural airport revenues collected in FY2008 decreased by 1.84% from the prior year as a result of a slowing economy.	A1: Process rural airport land-use applications more expeditiously. Target #1: Reduce the number of days to process land use applications. Status #1: The average number of days to process land use applications decreased from 131 days to 102 days between 2007 and 2008.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Analyze inventory data on airports that are below minimum FAA standards. • Assess projects through Airport Project Evaluation Board (APEB) scoring process to prioritize projects and equipment for limited federal funds. • Coordinate regularly with FAA Airports Division to identify issues, regulatory priorities, and funding. • Develop and update an aviation web site to provide user-friendly access to airport information. • Initiate aviation technical training to retain and promote airport career path to improve efficiency. 	<ul style="list-style-type: none"> • Inventory airport lease lots and needs to meet aviation demands and FAA requirements. • Coordinate department airport safety, security, compliance, land use, fees, education, and mapping policy. • Lead the Alaska Aviation System continuing planning process and related public efforts to identify user issues and priorities. • Support the Governor's Aviation Advisory Board in their advocacy for a state airport network.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$3,607,200

Personnel:

Full time	32
Part time	0
Total	32

Performance

A: Result - Increase revenue generation at statewide rural airports.

Target #1: Increase revenue collected at rural airports by 5% over prior year.

Status #1: The rural airport revenues collected in FY2008 decreased by 1.84% from the prior year as a result of a slowing economy.

Fiscal Year	Revenue	% Change
FY 2008	\$3,666.6	-1.84%
FY 2007	\$3,735.2	+12.96%
FY 2006	\$3,306.7	-1.46%
FY 2005	\$3,355.6	

Analysis of results and challenges: Economic development is a priority of the administration. Toward that goal, Statewide Aviation Leasing has been directed to provide excellent service by responding to land-use inquiries promptly, processing applications quickly, creating a web-based application process, and increasing revenues. A market survey has been performed that indicates many rural land lease rental rates are well below market. The department plans to gradually increase rural airport land lease rental rates in order to help offset the rising maintenance and operating costs of the rural airports and meet FAA requirements. Based on public comments received (October 2008) as is required prior to revising regulations, the department will increase rates at the rural airports gradually in order to give aviation businesses economic recuperation time as well as the ability to budget for any further gradual increases.

The department received \$2 million in the FY06 capital budget that was used to develop revenue-producing lease lots at rural airports. These activities included clearing, excavation, gravel fill, renovation of State-owned buildings, constructing road access, installing utilities, constructing additional apron space for aircraft tie-downs, and the moving of roads or parking lots. Airports where this development has taken place include Birchwood, Bethel, Deadhorse, Klawock, Willow, Seward, Sitka, and Yakutat. As the legislature approves additional funding, more projects will be undertaken to improve lands on rural airports for private and commercial development, thus increasing revenue. Developed lots were leased immediately after completion, thereby increasing income to the department as well as economic development within that community.

A1: Strategy - Process rural airport land-use applications more expeditiously.

Target #1: Reduce the number of days to process land use applications.

Status #1: The average number of days to process land use applications decreased from 131 days to 102 days between 2007 and 2008.

Average Days to Process Land-use Applications

Year	YTD Total
2008	102 -22.14%
2007	131 -7.09%
2006	141 +22.61%
2005	115

Analysis of results and challenges: New leases and permits are being issued for airport properties and are indicators of construction levels and increase of economic development and revenue at the airports. Issuance of rural airport land-use agreements indicates the level of interest in developing or using airport property and the health of the local economy. It can also be an indicator of production achievement by current staffing levels. Previously, approximately 60% of all land use applications were received through the mail. With the department's initiation of an on-line application program where the general public can apply for a lease or permit for use of land on a rural airport, the number of land-use applications received through the mail is decreasing and the number received via the web is increasing. This process has helped reduce the amount of time required to process applications. It has also enabled tenants to pay fees and rents online and to do so at a time most convenient to them.

Key RDU Challenges

Maximize the amount of federal Airport Improvement Program (AIP) funding available for the state and ensure this funding is applied to the highest priority airport capital improvement needs. AIP funding objectives of special emphasis:

- Execute federal AIP funding grants to improve airports which currently experience seasonal closures.
- Execute AIP funding grants to improve airports to 24-hour medical evacuation capability with improved runways and permanent runway lighting.
- Initiate efforts to maintain compliance with federal grant assurances and other FAA airport and security regulations to continue receiving federal funding.

With the increasing costs for airline operators, fluctuating fuel costs, and an out migration from rural Alaska, decreasing flights to communities are expected. Fewer operators and flights will have an impact on revenues generated at the International airports. It will be critical for management to concentrate on:

- Identifying cost reductions that will keep rates and fees stable and not jeopardize the traveling public's safety.
- Identifying new and enhancing existing revenue sources which meet customer needs and airline demands to balance revenue.

Pending retirements, along with increasing difficulties in recruiting and retaining professional aviation employees is creating a serious slow down and backlog in work. Constant turnover in leasing staff has resulted in additional cross-training of existing staff and expedited training of new staff to get them functioning completely.

Statewide Aviation must support Global Positioning System (GPS) navigation technology because of its impacts to the way aircraft are being operated in order to save lives. These systems impact rural airport design, construction and operations. Emphasis on this technology will help facilitate navigational improvements and structures important to aviation safety at our airports.

Significant Changes in Results to be Delivered in FY2010

Increase revenue generated at rural airports by increasing land rents.

Transfer the Alaska Aviation Safety Project from the Department of Military and Veterans Affairs to the Department of Transportation and Public Facilities.

Major RDU Accomplishments in 2008

- Worked with the FAA to execute approximately \$210 million in federal Airport Improvement Program (AIP) funding for Department of Transportation and Public Facilities (DOT&PF) airports.
- Executed AIP funding grants to reduce seasonal closures at Atka and Kongiganak Airports.
- Executed AIP funding grants to improve Goodnews Bay and Kongiganak airports to 24-hour medical evacuation capability with improved runways and permanent runway lighting: Completed a lighting system installation at Nunapitchuk.
- Rural Airport Lighting Program (RALP): Received a supplementary grant of \$1.5 million from FAA, which was dedicated to Atka, Kongiganak, and Nightmute. Projects supported with RALP funding, currently in construction include Atka, Goodnews Bay, Nightmute, and Kongiganak.
- FAA Land Use Compliance issues are being addressed and outstanding issues resolved in coordination within and between the regions and FAA. This effort will continue to be tracked and a process established on a statewide basis for assuring non-compliance issues are avoided and/or resolved as quickly as possible.
- Adopted revisions to Title 17, Chapter 45, rural airport regulations: Increased revenue generation at rural airports by increasing minimum annual rent/fees, as well as processing and application fees.
- Performed 132 airport safety inspections and prepared associated airport master record reports.
- Completed 161 Airline Operators Insurance Certifications.
- Obtained federal funding and entered into a professional services contract to begin an Alaska Aviation System Plan. This is required by FAA and has not been completed in over 10 years. The plan prioritizes Alaskan aviation needs and improves the chances of FAA grants for those identified needs in the future.
- Significantly completed lease lot development projects at six rural airports: Big Lake taxiway extension, Seward relocation of power lines, Willow brushing of tiedown areas and placement of tiedowns, Klawock water line extension, Skagway terminal rehabilitation and Deadhorse backfill and grading of lease lots.

Contact Information

Contact: Christine Klein, Deputy Commissioner
Phone: (907) 269-0724
Fax: (907) 269-0489
E-mail: Christine.Klein@alaska.gov

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RDU Financial Summary by Component

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Statewide	0.0	0.0	2,000.6	2,000.6	0.0	0.0	2,366.6	2,366.6	0.0	0.0	2,720.1	2,720.1
Aviation												
International	0.0	0.0	791.0	791.0	0.0	0.0	1,042.7	1,042.7	0.0	0.0	887.1	887.1
Airport												
Systems												
Totals	0.0	0.0	2,791.6	2,791.6	0.0	0.0	3,409.3	3,409.3	0.0	0.0	3,607.2	3,607.2

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Summary of RDU Budget Changes by Component
From FY2009 Management Plan to FY2010 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	0.0	3,409.3	3,409.3
Adjustments which will continue current level of service:				
-Statewide Aviation	0.0	0.0	55.5	55.5
-International Airport Systems	0.0	0.0	339.6	339.6
Proposed budget decreases:				
-International Airport Systems	0.0	0.0	-495.2	-495.2
Proposed budget increases:				
-Statewide Aviation	0.0	0.0	298.0	298.0
FY2010 Governor	0.0	0.0	3,607.2	3,607.2